



City and County of San Francisco

OFFICE OF THE CONTROLLER

**Audit Letter re:
Review of the Bus Transportation Fee
Set by the Airport Commission**

Reporting Period: January-September 1999

April 13, 2000

D

REF
388.4132
Sa578r

5/S



San Francisco Public Library

Government Information Center
San Francisco Public Library
100 Larkin Street, 5th Floor
San Francisco, CA 94102

REFERENCE BOOK

Not to be taken from the Library



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
AUDITS DIVISION

Edward Harrington
Controller

April 13, 2000

Audit No. 99022

John Martin, Director
San Francisco Airport Commission
San Francisco International Airport
San Francisco, CA 94128

DOCUMENTS DEPT.

JUN - 8 2000

SAN FRANCISCO
PUBLIC LIBRARY

Subject: **Review of the Bus Transportation Fee**
Reporting Period: January through September 1999
Fees Collected: \$6,826,423

Dear Mr. Martin:

At your request, the Controller's Audits Division conducted a review of the bus transportation fee. The bus transportation fee is set by the Airport Commission (Commission) and charged by car rental agencies to its customers. The fee is administered by the San Francisco Rental Car Shuttle Bus Committee (bus committee), which is composed of representatives of the car rental companies that operate at the San Francisco International Airport (SFO) rental car center. Each of the eight on-airport rental car companies signed the contract with a bus company to operate the consolidated bus system. The purpose of this review was to determine if the rental car companies operating at the SFO are properly collecting the transportation fees and paying the collected fees to the bus company in a timely manner.

The report explains that the eight on-airport rental car companies have different procedures for waiving the transportation fee, including four companies that waived the fee if the customer complained that she or he did not use the bus and two companies that allow no waivers. The four off-airport rental car companies have the same procedure for waiving the transportation fee. These companies determine whether the customer rode the bus and grant the waiver to customers who did not ride the bus, regardless of where the customer lives.

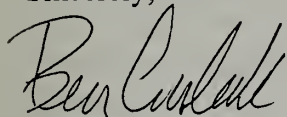
Most rental car companies suggested that the waiver policy should be that the company grants a waiver when the company determines that the customer did not ride the bus, regardless of where the customer was living.

The rental car companies correctly paid the transportation fees to the bus committee for each month from January through September 1999, except one company that had not yet fully paid the fees for one month.

The response of the Airport Department is attached to this report. We requested a written response from the bus committee chairman, but he did not provide a final written response

to us within four weeks of our requested response date. The Controller's Audits Division will be working with the Airport Department to follow up in six months on the status of the recommendations made in this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Carllick". The signature is fluid and cursive, with the first name "Ben" and last name "Carllick" clearly distinguishable.

BEN CARLICK
Audit Manager

cc: Jackson Wong, Chief Operating Officer
Robert Rhoades, Deputy Director for Business
Gary Franzella, Assistant Deputy Director of Aviation
Dave Dunn, Airport Rental Car Center Manager
Marcus Perro, Deputy Director for Finance
Lilia Avendano, Airport Fiscal Officer
Duke Briscoe, Deputy Director of Operations
Edwin Leung, Landside Operations Manager
Edward Harrington, Controller
Noriaki Hirasuna, Controller's Audits Director

Ref: J:conc:air:bustrans:rpt:buseltr.doc

INTRODUCTION

The San Francisco Airport Commission (Commission) requires all rental car companies to use the unified bus transportation system to transport customers between the rental car center and the terminals of the San Francisco International Airport (SFO). The Commission established a transportation fee to cover the cost of the bus transportation system and required rental car companies to charge their customers the fee for each rental car contract. Each rental car company is required to forward the collected transportation fees to the trustee designated by the Airport Department (Airport).

The eight rental car companies that operate at the SFO rental car center formed the San Francisco Rental Car Shuttle Bus Committee (bus committee) to operate and manage the bus system. Each of the eight on-airport rental car companies signed the March 12, 1998 contract with SFO Shuttle Bus Company to operate the bus system. The bus committee established a trustee to receive the transportation fees forwarded by the rental car companies.

The Airport informed all rental car companies that each company should establish a procedure for waiving the transportation fee for customers who do not use the bus system. The Airport Director suggested that the transportation fee not be charged to customers from the nine Bay Area counties that did not use the bus system. However, the rental car companies adopted various procedures for waiving the transportation fee. At the request of the Airport Director, we performed a review of the procedures of car rental agencies for collecting the transportation fee from customers and forwarding the fees to the bus committee's trustee.

SCOPE AND METHODOLOGY

The purpose of this review was to determine if the rental car companies with a permit to operate at the SFO are properly collecting the transportation fees, and paying the collected fees to the trustee in a timely manner. To conduct the review, we determined the procedures that each car rental company uses to collect the transportation fee from customers and to grant waivers of the transportation fee. We also asked each company for its suggested fee waiver policy. As part of our review, we determined whether each car rental company is timely in paying the transportation fee to the bus committee. In addition, we verified that each car rental company's reported fees agreed to the bus committee's records of fees received for September 1999.

We did not determine whether off-airport car rental agencies without an Airport operating permit have customers who are using the system and not paying the transportation fee. In addition, we did not review the trustee's management of the collected fees. Finally, we did not review the operations or billings of the SFO Shuttle Bus Company.

AUDIT RESULTS

RENTAL CAR COMPANIES HAVE VARIOUS PROCEDURES FOR GRANTING WAIVERS

The eight on-airport rental car companies have different procedures for waiving the transportation fee (see Attachment 1). Our review of rental car companies' actual procedures for granting waivers showed that there was not a common approach to waiving the transportation fee. While two companies did not allow any waivers, the other six companies had various procedures for waiving the fee. Of the six companies that had a fee waiver procedure, four companies only waived the fee if the customer complained that she or he did not use the bus.

In addition, we found that five of the eight on-airport rental car companies had a procedure for paying the fees for those few customers who complained about the fee. The rental car company would have otherwise required these customers to pay the transportation fee.

The four off-airport rental car companies all have the same procedure for granting waivers. Their procedure is to determine whether the customer rode the bus and grant the waiver to customers who did not ride the bus, regardless of where the customer was lives.

The specific procedures each car rental company uses are presented in Attachment 1.

RENTAL CAR COMPANIES SUGGESTED VARIOUS WAIVER POLICIES

In response to our request for suggested policies on granting waivers, the eight on-airport rental car companies proposed various policies for granting waivers (see Attachment 2). Five of the eight on-airport rental car companies and all four of the off-airport rental car companies suggested that the policy for granting waivers should be that the company grant a waiver when the company determines that the customer did not ride the bus, regardless of where the customer lives.

In addition, we found that three of the eight on-airport rental car companies suggested that companies be allowed to pay the transportation fee for those few customers who complained about the fee. The rental car company would have otherwise required these customers to pay the fee.

The specific procedures each car rental company proposed are presented in Attachment 2.

ALL COMPANIES PAID THEIR TRANSPORTATION FEES

By the conclusion of our fieldwork in mid-February 2000, all but one rental car company had paid the transportation fees to the bus committee for each month from January through September 1999. The transportation fees paid to the bus committee for this period totaled \$6,826,423. Only The Hertz Corporation had not fully paid the transportation fee for February 1999, but a company official stated that the remaining payment would be made soon. We also note that two off-airport companies did not fully pay the fees until our auditors notified them of the unpaid fees.

RECOMMENDATIONS

We recommend that the Airport Department:

- Work with the bus committee to develop a common policy for granting transportation fee waivers. The Airport and bus committee may consider having a different policy for on-airport rental car companies than for off-airport rental car companies because off-airport companies have many more customers who did not use SFO.
- Develop procedures with the bus committee for notifying car rental companies of any unpaid fees.

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Ben Carlick, Audit Manager
Pablo Payumo, CIA

Ref: J:conc:air:bustrans:rpt:busrpt.doc

Attachment 1
Rental Car Companies' *Actual Procedures* for Granting Waivers

	No Waivers	Allows Fee Waiver When:				Others
Rental Car Company	Customer Pays Fees	Determines Customer Did Not Ride Bus and Lives in 9 Bay Area Counties	Determines Customer Did Not Ride Bus and Lives Anywhere	Customer Complains and Lives in 9 Bay Area Counties	Customer Complains and Lives Anywhere	Other Customer Complaints, But Fee Paid by Company
	Note A	Note B	Note C	Note D	Note E	Note F
ON-AIRPORT:						
Alamo				X		X
Avis				X		X
Budget	X					X
Dollar					X	X
Enterprise					X	
Hertz		X				X
National	X					
Thrifty			X			
Total On-Airport	2	1	1	2	2	5
OFF-AIRPORT:						
Able			X			
Fox			X			
Payless			X			
Shalimar			X			
Total Off-Airport	0	0	4	0	0	0
TOTAL	2	1	5	2	2	5

Notes:

- A. All customers pay the fee as no waivers are allowed.
- B. Company determines that the customer did not ride the bus and the customer lives in the 9 Bay Area Counties.
- C. Company determines that the customer did not ride the bus and the customer lives anywhere.
- D. Customer complains that s/he did not ride the bus and the customer lives in the 9 Bay Area Counties.
- E. Customer complains that s/he did not ride the bus and the customer lives anywhere.
- F. Customer complains that s/he should not pay the fee (for various reasons), and the company paid the fee for the customer.

Attachment 2
Rental Car Companies' *Suggested Policy* for Granting Waivers

	No Waivers	Allows Fee Waiver When:		Others
Rental Car Company	Allow No Waivers	Determines Customer Did Not Ride Bus and Lives Anywhere	Determines Customer Lives in 2 Bay Area Counties	Other Customer Complaint, But Fee Paid by Company
	Note A	Note B	Note C	Note D
ON-AIRPORT:				
Alamo		X		
Avis		X		
Budget	X			X
Dollar		X		X
Enterprise		X		X
Hertz			X	
National	X			
Thrifty		X		
Total On-Airport	2	5	1	3
OFF-AIRPORT:				
Able		X		
Fox		X		
Payless		X		
Shalimar		X		
Total Off-Airport	0	4	0	0
TOTAL	2	9	1	3

Notes:

- A. No waivers should be allowed. Consider changing the fee's name from a Transportation Fee to a Facility Fee to better convey that is is a cost to be borne by all users of the RAC, and not contingent on the customer using the bus.
- B. Fee waived for customer who does not use the bus, regardless of where the customer lives.
- C. Fee waived for customer who lives in the 2 Bay Area Counties (San Francisco and San Mateo counties), regardless of whether the customer uses the bus. Policy should specify the zip codes involved.
- D. Customer not charged the fee, but the rental company pays the fee for the customer.

Response of the Airport Department



San Francisco International Airport

March 29, 2000

P.O. Box 8097
San Francisco, CA 94123
Tel 650.794.5000
Fax 650.794.5005
www.flysfo.com

Mr. Ben Carlick
Office of the Controller, Audits Division
City Hall
One Dr. Carlton B. Goodlet Place, Room 388
San Francisco, CA 94102-4694

Subject: Transportation Fee Audit

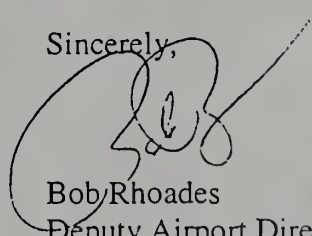
Dear Ben:

The Airport has received a copy of the audit of the Rental Car Shuttle bus Transportation Fee.

Staff is currently analyzing the waiver process and will present a common policy for granting waivers for the transportation fee to the Rental Car Industry. I will keep you apprised of the revised policy once it has been presented to the Rental Car Industry.

Thank you for your diligent work during this audit process. If you have any questions, please contact Dave Dunn at (650) 635-5524.

Sincerely,



Bob Rhoades
Deputy Airport Director
Business Division

cc: Gary Franzella
Lilia Avendano
Alice Sgourakis
Dave Dunn

